

## Message Text

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NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAM-01

COME-00 EB-07 LAB-04 SIL-01 TRSE-00 OPIC-03 CIEP-01

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R 241600Z MAY 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 7231

INFO AMEMBASSY BONN

USMISSION EC BRUSSELS

USMISSION GENEVA

AMEMBASSY LONDON

AMEMBASSY MADRID

AMCONSUL OPORTO

AMEMBASSY OSLO

AMEMBASSY PARIS

AMCONSUL PONTA DELGADA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

USMISSION NATO

DIA WASHDC

USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L SECTION 1 OF 3 LISBON 3465

E.O. 11652: XGDS-4

TAGS: PINT, ELAB, PO

SUBJECT: LABOR SITUATION IN PORTUGAL

REF: LISBON 3201 (DTG 141039Z MAY 76)(NOTAL)

SUMMARY: SECRETARY OF STATE FOR LABOR MARCELO CURTO  
STATED THAT THE SOCIALISTS WANT TO HOLD A NATIONAL  
LABOR CONGRESS WITHIN A FEW MONTHS TO CREATE A NEW NATIONAL  
LABOR CONFEDERATION. THE SOCIALISTS WOULD BE WILLING  
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TO ACCEPT A MINORITY POSITION TO THE COMMUNIST PARTY

(PCP) IN SUCH A CONFEDERATION IN THE EXPECTATION THAT THEY WOULD EVENTUALLY ASSUME CONTROL. THE KEY TO HOLDING THE CONGRESS IS PCP WILLINGNESS TO AGREE TO ADEQUATE SOCIALIST REPRESENTATION. CURTO COMMENTS ON SOCIALIST PROGRESS IN LABOR AND ON PCP WEAKNESSES. HE WELCOMED A POSSIBLE VISIT BY AFL-CIO REPRESENTATIVE MICHAEL BOGGS AFTER THE PRESIDENTIAL ELECTIONS. CURTO'S RECEPTIVITY TO PCP BLANDISHMENTS FOR COOPERATION IN LABOR MAY BE DUE TO INCREASED CONFIDENCE IN THE SOCIALISTS' ABILITY TO COMPETE AGAINST THE PCP. END SUMMARY.

1. SECRETARY OF STATE FOR LABOR MARCELO CURTO MET WITH LABATT MAY 20. AFTER THE MINISTER, CURTO IS THE SENIOR OFFICIAL IN MINISTRY OF LABOR. HE ALSO RETAINS HIS POSITION WITHIN THE SOCIALIST PARTY AS THE RECOGNIZED AUTHORITY ON LABOR AND UNION MATTERS. MAJOR POINTS FOLLOW:

2. SOCIALIST PARTY LABOR STRATEGY: CURTO CLAIMED THE SOCIALISTS ARE SINCERE IN THEIR PROFESSED DESIRE TO HOLD A NEW NATIONAL LABOR CONGRESS WITH PARTICIPATION BOTH BY SOCIALIST-LED NON-AFFILIATED UNIONS. THE OBJECT OF THE CONGRESS WOULD BE TO CREATE A NEW LABOR CONFEDERATION OUT OF THE ASHES OF INTERSINDICAL IN WHICH THE SOCIALISTS COULD EXERT DIRECT INFLUENCE. SOCIALISTS WOULD ACCEPT A MINORITY PARTICIPATION AT THE BEGINNING IN EXPECTATION THAT THEY WOULD SUBSEQUENTLY BE ABLE TO CAPTURE CONTROL OF THE CONFEDERATION. HOWEVER, IF THE COMMUNIST PARTY (PCP) INSISTED UPON DISPROPORTIONATE INFLUENCE IN THE NEW CONFEDERATION, THEN THE SOCIALISTS WOULD RELUCTANTLY HAVE TO CREATE A LABOR FEDERATION OF THEIR OWN "FOR A FEW YEARS." AFTER THEY CONSOLIDATED THEIR GAINS THEY AGAIN WOULD SEEK TO CREATE A UNIFIED CONFEDERATION, THIS TIME FROM A POSITION OF STRENGTH.

3. OBSTACLES TO A NEW LABOR CONFEDERATION: CURTO STATED THAT AT THE PRESENT TIME THE PCP CONTROLS 93 DUES-PAYING UNIONS IN INTERSINDICAL, REPRESENTING ROUGHLY 1,200,000 MEMBERS. THE SOCIALISTS HAVE THE ALLEGIANCE OF 64 UNIONS WITH 600,000 MEMBERS. THERE

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ARE SLIGHTLY MORE THAN 300 UNIONS REGISTERED WITH THE MINISTRY OF LABOR BUT MANY OF THESE REPRESENT ONLY A RELATIVELY FEW WORKERS. THE PCP CONTROLS THREE IMPORTANT FEDERATIONS: THE TEXTILE WORKERS WITH 160,000 MEMBERS; THE CIVIL CONSTRUCTION WORKERS WITH 250,000 MEMBERS; AND THE METALLURGICAL WORKERS WITH 200,000 MEMBERS. WITH THE NUMERICAL STRENGTH REPRESENTED BY THESE FEDERATIONS, THE PCP WILL BE PUSHING FOR A NATIONAL

LABOR CONGRESS WITH VOTING PROPORTIONAL TO MEMBERSHIP STRENGTH OF THE UNIONS. THE SOCIALISTS, ON THE OTHER HAND, WILL PUSH FOR REPRESENTATION ON THE BASIS OF ONE UNION, ONE VOTE, MEANWHILE HOPING TO CORRAL THE SUPPORT OF SMALLER, UNCOMMITTED UNIONS. CURTO WAS OBVIOUSLY UNEASY WITH THIS TACTIC BUT SAID IT IS THE ONLY WAY SOCIALISTS COULD ACHIEVE A JUST REPRESENTATION. CURTO THOUGHT IT POSSIBLE THAT, IF THE PCP IS RECEPTIVE TO SOCIALIST CONDITIONS, THE NATIONAL LABOR CONGRESS COULD BE HELD "WITHIN SEVERAL MONTHS."

4. SOCIALIST/COMMUNIST COOPERATION IN LABOR? CURTO ADMITTED THAT THE SOCIALISTS WILL PROBABLY BE FORCED TO CREATE THEIR OWN LABOR ORGANIZATION BECAUSE OF THE EXPECTED INTRANSIGENCE OF THE PCP. HOWEVER, HE BELIEVED THE SOCIALISTS COULD HAVE AN INFLUENTIAL ROLE IN A NEW CONFEDERATION, EVEN IN A MINORITY POSITION, BY FOMENTING DIVISIONS AMONG THE PCP-LED UNIONS. AS AN EXAMPLE, HE CLAIMED THAT FOUR SOCIALIST-LED UNIONS WITHIN THE COMMUNIST-DOMINATED METALLURGICAL WORKERS FEDERATION WERE ABLE TO GARNER ENOUGH SUPPORT FROM AMONG THE 18 OTHER UNIONS IN THE FEDERATION THAT THEIR PROPOSAL FOR A JOINTLY ORGANIZED, "NON-POLITICAL" MAY DAY CELEBRATION CARRIED THE DAY.

5. LABATT QUESTIONED CURTO AS TO THE RATIONALE FOR THE MINISTRY'S ENDORSEMENT OF THE TRANSFER OF THE AUTOMOTIVE INDUSTRY'S CLERICAL WORKERS AND OF THE NAVAL CARPENTERS AND PAINTERS UNION INTO THE METALLURGICAL FEDERATION. BOTH OF THE SMALLER SOCIALIST-LED UNIONS WOULD BE LOST WITHIN THE COMMUNIST-DOMINATED FEDERATION. CURTO

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COME-00 EB-07 LAB-04 SIL-01 TRSE-00 OPIC-03 CIEP-01

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DEFENDED THE MOVE AS A STEP TOWARD FUTURE ORGANIZATION OF BOTH THE AUTOMOTIVE AND SHIPBUILDING UNIONS ALONG VERTICAL LINES. HE ADMITTED THAT "TEMPORARILY" IT PLACED THE SOCIALIST UNIONS AT A DISADVANTAGE BUT THOUGHT THAT "IN LATER YEARS," WHEN THE SOCIALISTS DOMINATED LABOR, THE COMMUNISTS WOULD NOT BE ABLE TO ACCUSE THEM OF HAVING FOLLOWED POLITICALLY ORIENTED DIVISIVE TACTICS TO THE DETRIMENT OF THE LABOR MOVEMENT AS A WHOLE.

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6. FUTURE OUTLOOK: CURTO CLAIMED THE SOCIALISTS ARE MAKING PROGRESS IN BUILDING A LABOR CADRE, PRINCIPALLY THROUGH TRAINING SEMINARS AT THE CENTER FOR LABOR STUDIES (CES). ACTIVITIES AT THE CES ARE PICKING UP AS A RESULT OF SUPPORT FROM THE INTERNATIONAL TRADE SECRETARIATS, THE ICFTU, AND THE SOCIALIST PARTY. THE OUTLOOK IN LABOR IS NOW MUCH MORE HOPEFUL THAN THE BLEAK PICTURE OF ONE YEAR AGO. HOWEVER, WITH GOVERNMENTAL RESPONSIBILITIES SOON UPON THEM THE SOCIALISTS ARE INCREASINGLY CONCERNED OVER THE ECONOMIC SITUATION. CURTO SAID THE GOVERNMENT CONTROLS 60 PERCENT OF ECONOMY BUT CAN PROVIDE ONLY 35 PERCENT OF THE NEEDED INVESTMENT. HE DOUBTED THAT THE PRIVATE SECTOR WOULD HAVE SUFFICIENT CONFIDENCE IN THE GOVERNMENT DURING THE NEXT TWO YEARS TO MAKE UP THE NEEDED DIFFERENCE. CURTO DOWNGRADED RUMORS OF DIVISIONS IN THE SOCIALIST PARTY AND SAID IT WAS MORE UNITED THAN EVER.

7. COMMUNIST PARTY FACING PROBLEMS: CURTO ASSERTED

HE DID NOT ANTICIPATE THAT PCP WOULD FOMENT MAJOR LABOR AGITATION DURING THE COMING MONTHS FOR FEAR OF CAUSING A SPLIT WITH THE PARTY. PCP LEADERS ARE HAVING DIFFICULTY IN KEEPING THE PARTY UNIFIED AND ARE CONCERNED BECAUSE SOME RANK AND FILE MEMBERS IN THE LISBON INDUSTRIAL AREA WERE COLLECTING SIGNATURES IN SUPPORT OF THE PRESIDENTIAL CANDIDACY OF OTELO SARAIVA DE CARVALHO. THE PCP HAS ALREADY BEEN TOLD BY SOARES THAT IT WILL NOT BE ASKED TO PARTICIPATE IN NEW GOVERNMENT. THEREFORE CURTO SAW NO REASON WHY THE PCP SHOULD BE REFRAINING FROM LABOR AGITATION AT THE PRESENT TIME IF INDEED IT WISHED TO FOMENT TROUBLE.

8. CURTO'S ATTITUDE TOWARD COMMUNISM: CURTO EMPHASIZED THAT THE PCP'S MILITANCY FULLY JUSTIFIED HIS OWN DECISION AND THAT OF MANY OTHER SOCIALISTS OF HIS GENERATION TO REJECT THE PCP YEARS AGO. HOWEVER, BECAUSE HE KNOWS THE PCP AND ITS LEADERS WELL, HE IS ABLE TO IDENTIFY ITS WEAKNESSES.

9. AS AN EXAMPLE OF SOVIET COMMUNISM'S "DEAD HAND IN SOCIETY" CURTO CITED THE EXPERIENCE OF HIS BROTHER, WHO UNTIL RECENTLY HELD A SENIOR DIPLOMATIC ASSIGNMENT  
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IN THE PORTUGUESE EMBASSY IN MOSCOW. HIS BROTHER HAD BEEN REPELLED BY SOVIET LIFE AND OBJECTED TO THE PRO-SOVIET TILT OF THE PORTUGUESE AMBASSADOR THERE. CURTO SAID NERVOUS EXHAUSTION FINALLY FORCED HIS BROTHER'S RETURN TO PORTUGAL. OBVIOUSLY EMBITTERED AT THE THIRD WORLD ORIENTATION OF FOREIGN MINISTER MELO ANTUNES, HE CALLED HIS CONDUCT OF FOREIGN AFFAIRS "TREASONOUS" AND SAID HE SOON WOULD BE CALLED UPON TO ACCOUNT FOR HIS ACTIONS.

10. CURTO WELCOMED THE PROPOSED VISIT OF MICHAEL BOGGS OF THE AFL-CIO'S INTERNATIONAL AFFAIRS OFFICE. HE HOPED THAT SUCH A VISIT COULD BE SCHEDULED FOR AFTER THE PRESIDENTIAL ELECTIONS.

11. COMMENT: BY VIRTUE OF HIS POSITION IN THE PARTY AS WELL AS IN THE MINISTRY, CURTO MUST INEVITABLY BE ONE OF THE LEADING CANDIDATES FOR THE POST OF LABOR MINISTER IN THE NEW GOVERNMENT. FROM THE POINT OF VIEW OF U.S. INTERESTS, SUCH AN APPOINTMENT WOULD BE A DECIDEDLY MIXED BLESSING. THE SOCIALISTS HAVE MADE GAINS IN LABOR DURING CURTO'S STEWARDSHIP AND HIS IS BELIEVED OPPOSED TO SOVIET-STYLE COMMUNISM. HOWEVER, CURTO'S LACK OF A CLEARLY DEFINED POSITION, AND HIS TENDENCY FOR FUZZY POSTULATIONS PROVIDE GROUNDS TO

QUESTIONS WHETHER THE SOCIALIST RESURGENCE IN LABOR HAS OCCURRED  
BECAUSE OF, OR IN SPITE OF, HIS LEADERSHIP.

12. THE APPOINTMENT OF CURTO AS MINISTER WOULD BE  
INTERPRETED BY U.S. BUSINESSMEN AS A SIGN THAT THE SOCIALIST  
PARTY IS UNWILLING TO ENFORCE LABOR DISCIPLINE AT THIS  
TIME. ADDITIONALLY, CURTO IS CONSIDERED BY MANY TO BE  
FIRMLY OPPOSED TO MULTINATIONALS. IT IS FAIR TO SAY  
CURTO'S APPOINTMENT WOULD REPRESENT A DISINCENTIVE  
TO NEW OR EXPANDED U.S. INVESTMENT.

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COME-00 EB-07 LAB-04 SIL-01 TRSE-00 OPIC-03 CIEP-01

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13. MARIO SOARES HAD INDICATED TO THE AMBASSADOR THAT HE HAS GROWING RESERVATIONS REGARDING CURTO'S SUTIABILITY FOR THE LABOR POST. LABOR MINISTER TOMAS ROSA HAS TOLD SOARES THAT ROSA WOULD REMAIN AS MINISTER OF LABOR IN A NEW GOVERNMENT ONLY IF CURTO IS TRANSFERRED TO ANOTHER MINISTRY. ROSA DESCRIBES CURTO AS REASONABLY COMPETENT BUT UNFOCUSED, A PERSON WHO ESPOUSES THEORETICAL SOCIALISM BUT WHO DOES NOT BASE HIS ACTIONS ON ANY CONSISTENT IDEOLOGICAL OR PRAGMATIC LINE.

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14. ON MAY 24 THE SOCIALISTS ISSUED A PARTY POLICY STATEMENT ENDORSING THE FORMATION OF A NATIONAL CONFEDERATION BASED ON THE VOLUNTARY AFFILIATION OF THE UNIONS. THIS DECISION, UNDOUBTEDLY APPROVED BY SOCIALIST LEADER MARIO SOARES, COULD BE BASED ON THE FOLLOWING REASONING:

-- BY COMING OUT STRONGLY IN FAVOR OF A UNITARY LABOR CONFEDERATION, THE SOCIALISTS BY IMPLICATION PLACE THE BLAME FOR THE FAILURE TO ACHIEVE UNITY ON THE INTRANSIGENCE OF THE PCP.

-- ACCEPTANCE BY THE PCP OF SOCIALIST CONDITIONS FOR A UNITARY LABOR CONFEDERATION WOULD LIMIT THE PCP'S ABILITY TO PROVOKE LABOR DIFFICULTIES DURING THE FORTHCOMING SOCIALIST-LED MINORITY GOVERNMENT.

-- THE SOCIALISTS' WILLINGNESS TO CONFRONT THE COMMUNISTS ON EQUAL TERMS IS EVIDENCE OF INCREASED CONFIDENCE IN THEIR ORGANIZATIONAL ABILITY AND LABOR CADRE. SOARES HAS DEMONSTRATED CONSIDERABLE POLITICAL ASTUTENESS THUS FAR. HIS STRATEGY IS ADMITTEDLY ONE OF HIGH RISK WITH POTENTIALLY BIG GAINS; IF IT IS TO WORK THE SOCIALISTS WILL HAVE TO ACCELERATE THEIR DEVELOPMENT OF LABOR CADRES EVEN MORE THAN THEY HAVE TO DATE.  
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## Message Attributes

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